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SUBJECT: China/Electric Vehicles: Participants at First US-China
Forum Call for Joint Standards

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¶1. (SBU) Summary. During the inaugural meeting of the U.S.-China Electric Vehicle (EV) Forum held in Beijing September 29, key industry, government and academic leaders underscored the need for greater cooperation on the development of electric vehicles, particularly in the area of developing standards. Although the EV industry is still in its infancy, participants agreed it was on the brink of exciting advances, but questioned which EV technologies would dominate. Department of Energy (DOE) Assistant Secretary David Sandalow and Ministry of Science and Technology (MOST) Minister Wan Gang identified concrete steps for cooperation in research, standards, and demonstration projects. End Summary.

¶2. (SBU) The joint MOST and DOE-sponsored conference brought together 142 participants, three times the expected turnout. Government officials, auto industry leaders, non-governmental organizations, advocacy groups, academics and representatives from think tanks discussed current trends in electrification. Among the organizations represented were the State Council's Development Research Center (DRC), Tsinghua University, Berkeley University, China Automotive Engineering Research Institute Co. Ltd., Chery Automotive, Changan Auto, Tianjin Qingyuan, and Tianjin Lishen Battery.

OPPORTUNITIES FOR COOPERATION

¶3. (SBU) Minister of Science and Technology Wan Gang identified four specific areas for U.S.-Sino cooperation: 1) establishing a joint roadmap for data and best practice sharing; 2) working together on technological support, R & D, and innovation; 3) setting joint testing procedures and technical standards through coordinated policy and legislation; 4) establishing joint demonstrations and pilot projects, such as cities, megacities, and fleets. Administrator of the National Energy Administration (NEA) Zhang Guobao urged greater cooperation to reduce global CO2 emissions, break oil dependence, and lower greenhouse gases (GHGs).

NEED FOR GLOBAL STANDARDS

¶4. (SBU) Minister Wan said both sides were interested in setting concrete standards for EVs. Kevin Wales, President of GM China, and others echoed this view. Henrik Fisker, CEO of Fisker Automotive, pleaded for international standards starting with the United States and China, "We need the governments of China and the United States to get together to agree on the rules and regulations, then industry can fall into line." Ric Fulep, Founder of Al23Systems, called for regulators in both countries "to understand how the battery will react with the grid." White House Counselor for Energy and Climate Change Jody Freeman, however, pointed out the United States had a mix of potentially conflicting standards between the Department of Transportation, EPA, and state regulators. Global standards, she said, would not be easy to set.

NEW TECHNOLOGIES; NO SILVER BULLET

¶5. (SBU) Freeman said the EV industry was at a critical juncture and "on the brink of a technological revolution." Other participants noted the wide-range of technological solutions for the future growth of EVs. Wales outlined a spectrum of transitional technologies from new engines and transmissions to a clean hydrogen car solution. Fulep described examples of phosphate-lithium ion battery advancements. One Al23Systems battery, recently debuted in Formula One races, was 15 times the power of a Toyota Prius.

¶6. (SBU) However, like the telecommunications technological development timeframe, "you can't go from the USD 10,000 black and white Apple desktop of the 1980s to the USD 150 iPod of 2009 overnight," cautioned Kevin Czinger, President and CEO of Coda Automotives. Others echoed that changing infrastructure at home, work, and transportation points in between would be a challenge, and that scale-up would take a long time. However, China's State Grid was eager to support EV development, as EV charging at non-peak hours can achieve energy conservation and electricity usage balancing. But before EVs become mainstream, researchers must continue to reduce the high costs of batteries, increase usage lifespan, and extend driving distance.

GRASS IS ALWAYS GREENER

¶7. (SBU) The World Resources Institute's Deborah Seligsohn said both countries think the other side has more capacity to act: American participants believed China had more aggressive policies,

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lower manufacturing costs, and better economies of scale in implementation. Chinese counterparts viewed the United States as having more money for R & D, better technologies, and a more longstanding culture of and capacity for policy research.

EV INFRASTRUCTURE STILL IN INFANCY

¶8. (SBU) Participants agreed current steps toward electrification have been modest. During the Beijing 2008 Olympic Games, 13 cities in China, including Beijing, Shanghai, and Chongqing, rolled out a new energy vehicle demonstration project. The Dalian Davos Forum chose 257 electric vehicles to provide services for the forum. Additionally, the Shanghai Expo 2010 plans to showcase 1000 electric vehicles for visitor transportation. Asked about the mileposts for EV development globally, Kevin Czinger predicted that if 5000 units are sold in California, the industry would be "off to the races." The real signal will be when the EV penetrates the "hinterland," answered Brian Wynne, President of the Electric Drive Transportation Association. Chery Auto's Li Feng commented: "The jury is still out. The next three years will be key for the industry."

HUNTSMAN